

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (date of earliest event reported): **January 29, 2016**

**Phillips 66**

(Exact name of registrant as specified in its charter)

<b>Delaware</b> (State or other jurisdiction of incorporation)	<b>001-35349</b> (Commission File Number)	<b>45-3779385</b> (I.R.S. Employer Identification No.)
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**3010 Briarpark Drive, Houston, Texas 77042**  
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(281) 293-6600**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02 Results of Operations and Financial Condition.**

On January 29, 2016 , Phillips 66 issued a press release announcing the company's financial and operating results for the quarter ended December 31, 2015 . A copy of the press release is furnished as Exhibit 99.1 hereto and incorporated herein by reference. Additional financial and operating information about the quarter is furnished as Exhibit 99.2 hereto and incorporated herein by reference.

The information in this report and the exhibits hereto shall not be treated as filed for purposes of the Securities Exchange Act of 1934, as amended.

**Item 9.01 Financial Statements and Exhibits.****(d) Exhibits**

- |      |   |  |
|------|---|--|
| 99.1 | — | Press release issued by Phillips 66 on January 29, 2016. |
| 99.2 | — | Supplemental financial and operating information.        |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**PHILLIPS 66**

By: /s/ Chukwuemeka A. Oyolu  
Chukwuemeka A. Oyolu  
Vice President and Controller

January 29, 2016

## EXHIBIT INDEX

<b>Exhibit No.</b>	<b>Description</b>
99.1	Press release issued by Phillips 66 on January 29, 2016.
99.2	Supplemental financial and operating information.



## **Phillips 66 Reports Fourth-Quarter Earnings of \$650 Million or \$1.20 Per Share**

*Adjusted earnings of \$710 million or \$1.31 per share*

### **Highlights**

#### *Fourth Quarter*

- Generated \$1.5 billion in cash from operations
- Refining achieved 94 percent utilization and record 85 percent clean product yield
- Sweeny Fractionator One and Clemens Caverns commenced operations

#### *Full-Year 2015*

- Earnings of \$4.2 billion ; operating cash flow of \$5.7 billion
- Refining generated \$2.6 billion of earnings
- Chemicals delivered \$962 million in earnings amid declining commodity prices
- Received \$1.5 billion from Phillips 66 Partners debt and equity offerings
- Capital spending of \$4.3 billion, excluding \$1.5 billion DCP Midstream contribution
- Midstream growth capital of \$2.8 billion
- Increased quarterly dividend 12 percent to \$0.56 per common share
- Returned \$2.7 billion of capital to shareholders through dividends and share repurchases

HOUSTON, Jan. 29, 2016 — Phillips 66 (NYSE: PSX), an energy manufacturing and logistics company, announces fourth - quarter earnings of \$650 million , compared with earnings of \$1,578 million in the third quarter of 2015 . Adjusted earnings, excluding special items of \$60 million , were \$710 million .

"We operated well in the quarter, as refining capacity utilization remained high and clean product yield increased," said Greg Garland, Chairman and CEO. "We also reached a significant milestone with the Sweeny Fractionator One and Clemens Caverns coming online. Solid execution in the fourth quarter generated \$1.5 billion of cash from operations, and we returned over \$700 million to shareholders through dividends and share repurchases."

"Our financial performance in 2015 demonstrates the resiliency of our diversified portfolio in a low commodity price environment. We create value by focusing on operating excellence, enhancing Refining returns, and delivering on our Midstream and Chemicals growth programs. Our balance sheet is strong, and we maintain a disciplined approach to capital allocation. We remain firmly focused on these core priorities in 2016."

## Midstream

	Millions of Dollars			
	2015			
	Earnings		Adjusted Earnings	
	Q4	Q3	Q4	Q3
Transportation	\$ 81	77	78	77
NGL	1	26	(2)	32
DCP Midstream	(159)	(2)	(34)	(18)
<b>Midstream</b>	<b>\$ (77)</b>	<b>101</b>	<b>42</b>	<b>91</b>

Phillips 66's Midstream fourth -quarter adjusted earnings were \$42 million , a decrease of \$49 million from the third quarter.

Phillips 66's Transportation business generated adjusted earnings of \$78 million during the fourth quarter, consistent with the third quarter.

NGL adjusted losses were \$2 million for the fourth quarter. The \$34 million decrease from the prior quarter was largely driven by the timing of adjustments related to the tax extenders bill, signed in December, as well as additional costs associated with the Sweeny Hub.

Phillips 66 Partners (PSXP) contributed \$37 million to the Midstream segment's fourth -quarter earnings. PSXP's limited partner distribution increased to \$0.458 per unit, a 7 percent increase from the third quarter. Distributions to Phillips 66 from PSXP increased 14 percent in the fourth quarter, compared with the prior quarter, reflecting the impact of incentive distribution rights.

For the fourth quarter of 2015, the company's equity investment in DCP Midstream, LLC (DCP Midstream) had an adjusted loss of \$34 million , compared with an \$18 million adjusted loss in the prior quarter. DCP Midstream's lower results were primarily due to lower natural gas and natural gas liquids marketing margins, as well as the impact of lower commodity prices.

During the fourth quarter, DCP Midstream recognized asset impairments primarily as a result of the continuing low commodity price environment. The impairments negatively impacted earnings from Phillips 66's equity investment in DCP Midstream by \$104 million after-tax, and were excluded from adjusted earnings.

## Chemicals

	Millions of Dollars			
	2015			
	Earnings		Adjusted Earnings	
	Q4	Q3	Q4	Q3
Olefins and Polyolefins (O&P)	\$ 181	261	181	261
Specialties, Aromatics and Styrenics (SA&S)	5	(3)	9	17
Other	26	(6)	(8)	(6)
<b>Chemicals</b>	<b>\$ 212</b>	<b>252</b>	<b>182</b>	<b>272</b>

The Chemicals segment reflects Phillips 66's equity investment in Chevron Phillips Chemical Company LLC (CPChem). Fourth - quarter Chemicals adjusted earnings were \$182 million , compared with adjusted earnings of \$272 million in the third quarter.

During the fourth quarter, CPChem's Olefins and Polyolefins business contributed \$181 million to Phillips 66's Chemicals earnings. This was a decrease of \$80 million compared with the prior quarter largely due to reduced margins, as well as decreased equity earnings. Turnaround and maintenance activity in the fourth quarter increased operating costs and decreased global utilization for O&P to 92 percent compared with 94 percent in the third quarter.

CPChem's Specialties, Aromatics and Styrenics business contributed \$9 million of adjusted earnings in the fourth quarter, a decrease of \$8 million from the prior quarter primarily due to lower earnings at CPChem's SA&S equity affiliates as a result of planned turnarounds and lower margins.

Chemicals earnings for the fourth quarter were positively impacted by a \$34 million tax adjustment. This item was excluded from adjusted earnings.

## Refining

	Millions of Dollars			
	2015			
	Earnings		Adjusted Earnings	
	Q4	Q3	Q4	Q3
<b>Refining</b>	<b>\$ 410</b>	<b>1,003</b>	<b>376</b>	<b>1,052</b>

Refining adjusted earnings were \$376 million in the fourth quarter, compared with \$1,052 million in the third quarter.

The decrease in earnings was largely driven by lower realized margins due to a 35 percent decline in global market cracks compared to the third quarter. Fourth-quarter gasoline market cracks dropped to \$12.72 per barrel, compared with \$21.44 per barrel during the third quarter, while distillate cracks declined from \$15.67 per barrel to \$12.86 per barrel for the same period.

Market capture increased to 74 percent, compared with 72 percent in the prior quarter. Phillips 66's refining utilization and worldwide clean product yield were 94 percent and 85 percent , respectively, in the fourth quarter. Turnaround costs for the fourth quarter were \$130 million pre-tax, primarily relating to the Western/Pacific Region.

Refining's earnings in the fourth quarter were impacted by certain tax impacts, including a \$91 million benefit resulting from a change in German tax law. Additionally, the WRB joint venture recognized a lower-of-cost-or-market inventory adjustment resulting from declining commodity prices, which negatively impacted earnings from Phillips 66's equity investment in WRB Refining LP by \$33 million after-tax. These items were excluded from adjusted earnings.

## Marketing and Specialties

	Millions of Dollars			
	2015			
	Earnings		Adjusted Earnings	
	Q4	Q3	Q4	Q3
Marketing and Other	\$ 199	285	198	291
Specialties	32	53	29	53
<b>Marketing and Specialties</b>	<b>\$ 231</b>	<b>338</b>	<b>227</b>	<b>344</b>

Marketing and Specialties (M&S) fourth -quarter adjusted earnings were \$227 million , compared with \$344 million in the third quarter.

Adjusted earnings for Marketing and Other were \$198 million , a decrease of \$93 million from the prior quarter. The decrease in earnings was largely due to lower realized margins driven by less favorable market conditions relative to the third quarter. Refined product exports in the fourth quarter were 127,000 barrels per day (BPD), compared with 118,000 BPD in the prior quarter.

Phillips 66's Specialties businesses generated adjusted earnings of \$29 million during the fourth quarter. The \$24 million decrease from the prior quarter was mainly due to reduced base oil margins, as well as lower finished lubricants margins and volumes.

## Corporate and Other

	Millions of Dollars			
	2015			
	Earnings		Adjusted Earnings	
	Q4	Q3	Q4	Q3
<b>Corporate and Other</b>	<b>\$ (126)</b>	<b>(116)</b>	<b>(117)</b>	<b>(112)</b>

Corporate and Other adjusted costs were \$117 million after-tax in the fourth quarter, an increase of \$5 million compared with the prior quarter.

## Financial Position, Liquidity and Return of Capital

During the fourth quarter, Phillips 66 generated \$1.5 billion of cash from operations. Operating cash flow excluding working capital changes was \$1.8 billion . Capital expenditures and investments totaled \$2.5 billion , supporting execution of the company's Midstream growth strategy, as well as the DCP Midstream recapitalization. The recapitalization, which included the company's \$1.5 billion contribution to DCP Midstream, provides DCP Midstream with a stronger balance sheet and increased financial flexibility through the commodity cycle.

Phillips 66 returned \$704 million to shareholders during the quarter, consisting of \$298 million in dividends and the repurchase of 4.7 million shares of common stock for \$406 million . For the year, the company repurchased 19.3 million shares of common stock for \$1.5 billion, paid \$1.2 billion in dividends, and increased the quarterly dividend by 12 percent. Since July 2012, the company has repurchased 92.5 million shares for \$6.4 billion. Phillips 66 ended the quarter with 529 million shares outstanding.

	Q4 2015		
	Adjusted Phillips 66	Phillips 66 Partners	Phillips 66 Consolidated
Total Debt, \$MM	7,796	1,091	8,887
Total Equity, \$MM	23,129	809	23,938
<b>Debt-to-capital ratio</b>	<b>25%</b>		<b>27%</b>
Total Cash, \$MM	3,026	48	3,074
<b>Net-debt-to-capital ratio</b>	<b>17%</b>		<b>20%</b>

As of Dec. 31, 2015, cash and cash equivalents were \$3.1 billion and debt was \$8.9 billion, including \$1.1 billion at Phillips 66 Partners. The company's consolidated debt-to-capital ratio was 27 percent. Excluding Phillips 66 Partners, the debt-to-capital ratio was 25 percent. Additionally, Phillips 66 reported a 2015 return on capital employed (ROCE) of 14 percent.

### Strategic Update

The company continues to execute on its plan to grow the Midstream and Chemicals businesses, while maintaining commitments to shareholder distributions, financial flexibility and a strong balance sheet. Midstream growth is fueled in part by robust operating cash flows generated by the company's Refining and M&S operations. In addition, PSXP provides a cost-efficient vehicle to fund that growth and invest in fee-based infrastructure, as demonstrated by the \$1.5 billion raised by PSXP in debt and equity offerings in the first quarter of 2015.

The company continued development of the Sweeny Hub with the 100,000 BPD Sweeny Fractionator One and Clemens Caverns projects, which came online in the fourth quarter. Construction of the 150,000 BPD Freeport LPG Export Terminal is on schedule and on budget with startup expected in the second half of 2016.

The company is participating in joint ventures to develop the approximately 470,000 BPD Dakota Access Pipeline (DAPL) and Energy Transfer Crude Oil Pipeline (ETCOP) system. Phillips 66 has a 25 percent interest in these joint ventures with Energy Transfer Partners and Sunoco Logistics Partners. Commercial operations are expected to begin in the fourth quarter of 2016.

In the fourth quarter of 2015, Phillips 66 Partners acquired Phillips 66's interest in the Bayou Bridge Pipeline joint venture. The joint venture was created to develop a pipeline from the Phillips 66 and Sunoco Logistics terminals in Nederland, Texas, to St. James, Louisiana. Construction is underway on the first segment of the pipeline, which will deliver crude oil from Nederland, to Lake Charles, Louisiana. Commercial operations on this segment are expected to begin by the end of first-quarter 2016.

In Chemicals, overall progress on CPChem's world-scale U.S. Gulf Coast Petrochemicals Project is now approaching 70 percent completion, with startup expected in mid-2017. This project consists of an ethane cracker and related polyethylene facilities that will increase CPChem's U.S. ethylene and polyethylene capacity by more than 40 percent.

Later today, members of Phillips 66 executive management will host a webcast at noon EST to discuss the company's fourth - quarter performance and provide an update on strategic initiatives. To access the webcast and view related presentation materials, go to [www.phillips66.com/investors](http://www.phillips66.com/investors) and click on "Events & Presentations." For detailed supplemental information, go to [www.phillips66.com/supplemental](http://www.phillips66.com/supplemental).

## Earnings

	Millions of Dollars			
	2015		2014	
	Q4	YTD	Q4	YTD
Midstream	\$ (77)	13	96	507
Chemicals	212	962	267	1,137
Refining	410	2,555	517	1,771
Marketing and Specialties	231	1,187	367	1,034
Corporate and Other	(126)	(490)	(100)	(393)
Discontinued Operations	—	—	—	706
<b>Phillips 66</b>	<b>\$ 650</b>	<b>4,227</b>	<b>1,147</b>	<b>4,762</b>

## Adjusted Earnings

	Millions of Dollars			
	2015		2014	
	Q4	YTD	Q4	YTD
Midstream	\$ 42	248	97	508
Chemicals	182	952	270	1,209
Refining	376	2,527	322	1,576
Marketing and Specialties	227	947	324	882
Corporate and Other	(117)	(481)	(100)	(393)
<b>Phillips 66</b>	<b>\$ 710</b>	<b>4,193</b>	<b>913</b>	<b>3,782</b>

## About Phillips 66

Phillips 66 is a diversified energy manufacturing and logistics company. With a portfolio of Midstream, Chemicals, Refining, and Marketing and Specialties businesses, the company processes, transports, stores and markets fuels and products globally. Phillips 66 Partners, the company's master limited partnership, is an integral asset in the portfolio. Headquartered in Houston, the company has 14,000 employees committed to safety and operating excellence. Phillips 66 had \$49 billion of assets as of Dec. 31, 2015. For more information, visit [www.phillips66.com](http://www.phillips66.com) or follow us on Twitter [@Phillips66Co](https://twitter.com/Phillips66Co).

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### CAUTIONARY STATEMENT FOR THE PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

*This news release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. Words and phrases such as "is anticipated," "is estimated," "is expected," "is planned," "is scheduled," "is targeted," "believes," "intends," "objectives," "projects," "strategies" and similar expressions are used to identify such forward-looking statements. However, the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements relating to Phillips 66's operations (including joint venture operations) are based on management's expectations, estimates and projections about the company, its interests and the energy industry in general on the date this news release was prepared. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements. Factors that could cause actual results or events to differ materially from those described in the forward-looking statements include fluctuations in NGL, crude oil, petroleum products and natural gas prices, and refining, marketing and petrochemical margins; unexpected changes in costs for constructing, modifying or operating our facilities; unexpected difficulties in manufacturing, refining or transporting our products; lack of, or disruptions in, adequate and reliable transportation for our NGL, crude oil, natural gas, and refined products; potential liability from litigation or for remedial actions, including removal and reclamation obligations under environmental regulations; limited access to capital or significantly higher cost of capital related to illiquidity or uncertainty in the domestic or international financial markets; and other economic, business, competitive and/or regulatory factors affecting Phillips 66's businesses generally as set forth in our filings with the Securities and Exchange Commission. Phillips 66 is under no obligation (and expressly disclaims any such obligation) to update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.*

**Use of Non-GAAP Financial Information** -- This news release includes the terms adjusted earnings, adjusted earnings per share, operating cash flow excluding working capital, adjusted debt-to-capital, and adjusted ROCE. These are non-GAAP financial measures that are included to help facilitate comparisons of company operating performance across periods.

References in the release to earnings refer to net income attributable to Phillips 66.

Millions of Dollars Except as Indicated					
2015			2014		
Q4	Q3	Year	Q4	Year	
<b>Reconciliation of Earnings to Adjusted Earnings</b>					
<b>Consolidated</b>					
<b>Earnings</b>	<b>\$ 650</b>	<b>1,578</b>	<b>4,227</b>	<b>1,147</b>	<b>4,762</b>
Adjustments:					
Asset dispositions	—	(18)	(265)	(385)	(494)
Impairments	—	—	—	131	131
Impairments by equity affiliates	108	22	256	—	69
Pending claims and settlements	—	19	(23)	(10)	(10)
Lower-of-cost-or-market inventory adjustments	33	—	33	30	30
Pension settlement expenses	3	46	49	—	—
Certain tax impacts	(84)	—	(84)	—	—
Discontinued operations	—	—	—	—	(706)
<b>Adjusted earnings</b>	<b>\$ 710</b>	<b>1,647</b>	<b>4,193</b>	<b>913</b>	<b>3,782</b>
<b>Earnings per share of common stock (dollars)</b>	<b>\$ 1.20</b>	<b>2.90</b>	<b>7.73</b>	<b>2.05</b>	<b>8.33</b>
<b>Adjusted earnings per share of common stock (dollars)</b>	<b>\$ 1.31</b>	<b>3.02</b>	<b>7.67</b>	<b>1.63</b>	<b>6.62</b>
<b>Midstream</b>					
<b>Earnings (loss)</b>	<b>\$ (77)</b>	<b>101</b>	<b>13</b>	<b>96</b>	<b>507</b>
Adjustments:					
Asset dispositions	—	(18)	(18)	—	—
Impairments by equity affiliates	104	2	232	—	—
Pension settlement expenses	—	6	6	—	—
Lower-of-cost-or-market inventory adjustments	—	—	—	1	1
Certain tax impacts	15	—	15	—	—
<b>Adjusted earnings</b>	<b>\$ 42</b>	<b>91</b>	<b>248</b>	<b>97</b>	<b>508</b>
<b>Chemicals</b>					
<b>Earnings</b>	<b>\$ 212</b>	<b>252</b>	<b>962</b>	<b>267</b>	<b>1,137</b>
Adjustments:					
Impairments by equity affiliates	4	20	24	—	69
Lower-of-cost-or-market inventory adjustments	—	—	—	3	3
Certain tax impacts	(34)	—	(34)	—	—
<b>Adjusted earnings</b>	<b>\$ 182</b>	<b>272</b>	<b>952</b>	<b>270</b>	<b>1,209</b>
<b>Refining</b>					
<b>Earnings</b>	<b>\$ 410</b>	<b>1,003</b>	<b>2,555</b>	<b>517</b>	<b>1,771</b>
Adjustments:					
Asset dispositions	—	—	(5)	(369)	(369)
Impairments	—	—	—	131	131
Pending claims and settlements	—	19	(19)	17	17
Lower-of-cost-or-market inventory adjustments	33	—	33	26	26
Pension settlement expenses	2	30	32	—	—
Certain tax impacts	(69)	—	(69)	—	—
<b>Adjusted earnings</b>	<b>\$ 376</b>	<b>1,052</b>	<b>2,527</b>	<b>322</b>	<b>1,576</b>



Millions of Dollars Except as Indicated					
	2015			2014	
	Q4	Q3	Year	Q4	Year
<b>Reconciliation of Earnings to Adjusted Earnings (continued)</b>					
<b>Marketing and Specialties</b>					
<b>Earnings</b>	\$ 231	338	1,187	367	1,034
Adjustments:					
Asset dispositions	—	—	(242)	(16)	(125)
Pending claims and settlements	—	—	—	(27)	(27)
Pension settlement expenses	1	6	7	—	—
Certain tax impacts	(5)	—	(5)	—	—
<b>Adjusted earnings</b>	<b>\$ 227</b>	<b>344</b>	<b>947</b>	<b>324</b>	<b>882</b>
<b>Corporate and Other</b>					
<b>Earnings (loss)</b>	\$ (126)	(116)	(490)	(100)	(393)
Adjustments:					
Pending claims and settlements	—	—	(4)	—	—
Pension settlement expenses	—	4	4	—	—
Certain tax impacts	9	—	9	—	—
<b>Adjusted earnings (loss)</b>	<b>\$ (117)</b>	<b>(112)</b>	<b>(481)</b>	<b>(100)</b>	<b>(393)</b>

		Millions of Dollars
		Q4
		2015
<b>Cash Flows from Operating Activities</b>		
<b>Net Cash Provided by Operating Activities, excluding working capital</b>	\$	1,825
Changes in working capital		(328)
<b>Net Cash Provided by Operating Activities</b>	<b>\$</b>	<b>1,497</b>

Millions of Dollars			
	2015		
	Growth	Sustaining	Total
<b>Capital expenditures and investments</b>			
Midstream <sup>1</sup>	\$ 2,801	1,656	4,457
Chemicals	—	—	—
Refining	201	868	1,069
Marketing & Specialties	66	56	122
Corporate and Other	10	106	116
<b>Total</b>	<b>\$ 3,078</b>	<b>2,686</b>	<b>5,764</b>

<sup>1</sup> Midstream sustaining expenditure includes DCP equity contribution of \$1.5 billion



## CONSOLIDATED INCOME STATEMENT

Millions of Dollars

	2014					2015				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Revenues and Other Income										
Sales and other operating revenues*	40,283	45,549	40,417	34,963	161,212	22,778	28,512	25,792	21,893	98,975
Equity in earnings of affiliates	778	764	511	413	2,466	456	407	583	127	1,573
Net gain on dispositions	7	9	109	170	295	122	139	22	—	283
Other income (loss)	31	17	11	61	120	70	19	20	9	118
Total Revenues and Other Income	41,099	46,339	41,048	35,607	164,093	23,426	29,077	26,417	22,029	100,949
Costs and Expenses										
Purchased crude oil and products	34,381	39,316	33,602	28,449	135,748	16,695	22,253	18,580	15,871	73,399
Operating expenses	1,090	1,077	1,104	1,164	4,435	1,094	1,043	1,083	1,074	4,294
Selling, general and administrative expenses	402	412	401	448	1,663	394	406	437	433	1,670
Depreciation and amortization	234	239	249	273	995	253	274	270	281	1,078
Impairments	1	3	12	134	150	—	2	1	4	7
Taxes other than income taxes*	3,638	3,832	3,874	3,696	15,040	3,462	3,549	3,610	3,456	14,077
Accretion on discounted liabilities	6	6	6	6	24	5	6	5	5	21
Interest and debt expense	68	66	60	73	267	86	79	71	74	310
Foreign currency transaction (gains) losses	(19)	29	13	3	26	49	—	1	(1)	49
Total Costs and Expenses	39,801	44,980	39,321	34,246	158,348	22,038	27,612	24,058	21,197	94,905
Income from continuing operations before income taxes										
	1,298	1,359	1,727	1,361	5,745	1,388	1,465	2,359	832	6,044
Provision for income taxes	426	487	538	203	1,654	391	440	767	166	1,764
Income from continuing operations	872	872	1,189	1,158	4,091	997	1,025	1,592	666	4,280
Income from discontinued operations**	706	—	—	—	706	—	—	—	—	—
Net income	1,578	872	1,189	1,158	4,797	997	1,025	1,592	666	4,280
Less: net income attributable to noncontrolling interests	6	9	9	11	35	10	13	14	16	53
Net Income Attributable to Phillips 66	1,572	863	1,180	1,147	4,762	987	1,012	1,578	650	4,227
* Includes excise taxes on petroleum products sales:	3,522	3,743	3,781	3,652	14,698	3,362	3,463	3,513	3,442	13,780
** Net of provision for income taxes on discontinued operations:	5	—	—	—	5	—	—	—	—	—
Amounts Attributable to Phillips 66 Common										

**Stockholders:**

Income from continuing operations	866	863	1,180	1,147	4,056	987	1,012	1,578	650	4,227
Income from discontinued operations	706	—	—	—	706	—	—	—	—	—
<b>Net Income Attributable to Phillips 66</b>	<b>1,572</b>	<b>863</b>	<b>1,180</b>	<b>1,147</b>	<b>4,762</b>	<b>987</b>	<b>1,012</b>	<b>1,578</b>	<b>650</b>	<b>4,227</b>
<b>Net Income Attributable to Phillips 66 Per Share of Common Stock (dollars)</b>										
<b>Basic</b>										
Continuing operations	1.48	1.52	2.11	2.07	7.15	1.80	1.85	2.92	1.21	7.78
Discontinued operations	1.21	—	—	—	1.25	—	—	—	—	—
<b>Net Income Attributable to Phillips 66 Per Share of Common Stock</b>	<b>2.69</b>	<b>1.52</b>	<b>2.11</b>	<b>2.07</b>	<b>8.40</b>	<b>1.80</b>	<b>1.85</b>	<b>2.92</b>	<b>1.21</b>	<b>7.78</b>
<b>Diluted</b>										
Continuing operations	1.47	1.51	2.09	2.05	7.10	1.79	1.84	2.90	1.20	7.73
Discontinued operations	1.20	—	—	—	1.23	—	—	—	—	—
<b>Net Income Attributable to Phillips 66 Per Share of Common Stock</b>	<b>2.67</b>	<b>1.51</b>	<b>2.09</b>	<b>2.05</b>	<b>8.33</b>	<b>1.79</b>	<b>1.84</b>	<b>2.90</b>	<b>1.20</b>	<b>7.73</b>
<b>Average Common Shares Outstanding (in thousands)</b>										
Basic	584,053	565,799	559,492	554,617	565,902	548,200	544,617	540,357	536,399	542,355
Diluted	589,575	571,285	564,958	559,023	571,504	552,337	548,926	544,696	540,245	546,977

**SUMMARY OF INCOME (LOSS) ATTRIBUTABLE TO PHILLIPS 66 BY SEGMENT**

	Millions of Dollars									
	2014					2015				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Midstream	188	108	115	96	507	67	(78)	101	(77)	13
Chemicals	316	324	230	267	1,137	203	295	252	212	962
Refining	306	390	558	517	1,771	538	604	1,003	410	2,555
Marketing and Specialties	137	162	368	367	1,034	304	314	338	231	1,187
Corporate and Other	(81)	(121)	(91)	(100)	(393)	(125)	(123)	(116)	(126)	(490)
Discontinued Operations	706	—	—	—	706	—	—	—	—	—
<b>Consolidated</b>	<b>1,572</b>	<b>863</b>	<b>1,180</b>	<b>1,147</b>	<b>4,762</b>	<b>987</b>	<b>1,012</b>	<b>1,578</b>	<b>650</b>	<b>4,227</b>

**SUMMARY OF INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES BY SEGMENT**

	Millions of Dollars									
	2014					2015				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Midstream	302	180	194	175	851	116	(99)	173	(43)	147
Chemicals	442	466	328	396	1,632	291	416	360	248	1,315
Refining	508	647	859	453	2,467	764	932	1,488	475	3,659
Marketing and Specialties	205	248	495	527	1,475	406	410	514	322	1,652

Corporate and Other	(159)	(182)	(149)	(190)	(680)	(189)	(194)	(176)	(170)	(729)
Consolidated	1,298	1,359	1,727	1,361	5,745	1,388	1,465	2,359	832	6,044

#### EFFECTIVE TAX RATES ON INCOME FROM CONTINUING OPERATIONS

	2014					2015				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Midstream	35.8%	35.0%	36.1%	38.9 %	36.3%	32.8%	37.4%	32.9%	-34.9 %	49.7%
Chemicals	28.5%	30.5%	29.9%	32.6 %	30.3%	30.2%	29.1%	30.0%	14.5 %	26.8%
Refining	39.8%	39.7%	35.0%	-14.1 %	28.2%	29.6%	35.2%	32.6%	13.7 %	30.2%
Marketing and Specialties	33.2%	34.7%	25.7%	30.4 %	29.9%	25.1%	23.4%	34.2%	28.3 %	28.1%
Corporate and Other	49.1%	33.5%	38.9%	47.4 %	42.2%	33.3%	35.1%	33.5%	24.1 %	31.7%
Consolidated	32.8%	35.8%	31.2%	14.9 %	28.8%	28.2%	30.0%	32.5%	20.0 %	29.2%

#### SUMMARY OF ADJUSTED NET INCOME (LOSS) ATTRIBUTABLE TO PHILLIPS 66 BY SEGMENT

	Millions of Dollars									
	2014					2015				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
Midstream	188	108	115	97	508	67	48	91	42	248
Chemicals	316	324	299	270	1,209	203	295	272	182	952
Refining	306	390	558	322	1,576	495	604	1,052	376	2,527
Marketing and Specialties	137	162	259	324	882	194	182	344	227	947
Corporate and Other	(81)	(121)	(91)	(100)	(393)	(125)	(127)	(112)	(117)	(481)
Consolidated	866	863	1,140	913	3,782	834	1,002	1,647	710	4,193



**SPECIAL ITEMS INCLUDED IN NET INCOME ATTRIBUTABLE TO PHILLIPS 66  
(AFTER-TAX)**

Millions of Dollars

	2014					2015				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Midstream</b>										
Asset dispositions	—	—	—	—	—	—	—	18	—	18
Impairments by equity affiliates	—	—	—	—	—	—	(126)	(2)	(104)	(232)
Pension settlement expenses	—	—	—	—	—	—	—	(6)	—	(6)
Lower-of-cost-or-market inventory adjustments	—	—	—	(1)	(1)	—	—	—	—	—
Certain tax impacts	—	—	—	—	—	—	—	—	(15)	(15)
<b>Total Midstream</b>	—	—	—	(1)	(1)	—	(126)	10	(119)	(235)
<b>Chemicals</b>										
Impairments by equity affiliates	—	—	(69)	—	(69)	—	—	(20)	(4)	(24)
Lower-of-cost-or-market inventory adjustments	—	—	—	(3)	(3)	—	—	—	—	—
Certain tax impacts	—	—	—	—	—	—	—	—	34	34
<b>Total Chemicals</b>	—	—	(69)	(3)	(72)	—	—	(20)	30	10
<b>Refining</b>										
Asset dispositions	—	—	—	369	369	5	—	—	—	5
Impairments	—	—	—	(131)	(131)	—	—	—	—	—
Pending claims and settlements	—	—	—	(17)	(17)	38	—	(19)	—	19
Lower-of-cost-or-market inventory adjustments	—	—	—	(26)	(26)	—	—	—	(33)	(33)
Pension settlement expenses	—	—	—	—	—	—	—	(30)	(2)	(32)
Certain tax impacts	—	—	—	—	—	—	—	—	69	69
<b>Total Refining</b>	—	—	—	195	195	43	—	(49)	34	28
<b>Marketing and Specialties</b>										
Asset dispositions	—	—	109	16	125	110	132	—	—	242
Pending claims and settlements	—	—	—	27	27	—	—	—	—	—
Pension settlement expenses	—	—	—	—	—	—	—	(6)	(1)	(7)
Certain tax impacts	—	—	—	—	—	—	—	—	5	5
<b>Total Marketing and Specialties</b>	—	—	109	43	152	110	132	(6)	4	240
<b>Corporate and Other</b>										
Pending claims and settlements	—	—	—	—	—	—	4	—	—	4
Pension settlement expenses	—	—	—	—	—	—	—	(4)	—	(4)
Certain tax impacts	—	—	—	—	—	—	—	—	(9)	(9)
<b>Total Corporate and Other</b>	—	—	—	—	—	—	4	(4)	(9)	(9)
<b>Discontinued Operations</b>	706	—	—	—	706	—	—	—	—	—
<b>Total Phillips 66</b>	706	—	40	234	980	153	10	(69)	(60)	34

**By Business Lines/Regions**
**Midstream**

Transportation	—	—	—	—	—	—	—	—	3	3
DCP Midstream	—	—	—	(1)	(1)	—	(126)	16	(125)	(235)
NGL	—	—	—	—	—	—	—	(6)	3	(3)
<b>Total Midstream</b>	—	—	—	(1)	(1)	—	(126)	10	(119)	(235)

**Refining**

Atlantic Basin/Europe	—	—	—	(132)	(132)	38	—	(13)	89	114
Gulf Coast	—	—	—	(3)	(3)	—	—	(16)	(19)	(35)
Central Corridor	—	—	—	(17)	(17)	—	—	(12)	(35)	(47)
Western/Pacific	—	—	—	347	347	5	—	(8)	(1)	(4)
<b>Total Refining</b>	—	—	—	195	195	43	—	(49)	34	28

**Marketing and Specialties**

Marketing and Other	—	—	109	43	152	110	132	(6)	1	237
Specialties	—	—	—	—	—	—	—	—	3	3
<b>Total Marketing and Specialties</b>	—	—	109	43	152	110	132	(6)	4	240

**SPECIAL ITEMS INCLUDED IN INCOME FROM CONTINUING OPERATIONS  
(PRETAX)**

Millions of Dollars

	2014					2015				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Midstream</b>										
Transportation	—	—	—	—	—	—	—	—	—	—
DCP Midstream	—	—	—	(2)	(2)	—	(194)	26	(168)	(336)
NGL	—	—	—	—	—	—	—	(9)	—	(9)
<b>Total Midstream</b>	—	—	—	(2)	(2)	—	(194)	17	(168)	(345)
<b>Chemicals</b>	—	—	(88)	(3)	(91)	—	—	(20)	(4)	(24)
<b>Refining</b>										
Atlantic Basin/Europe	—	—	—	(133)	(133)	—	—	(21)	(2)	(23)
Gulf Coast	—	—	—	(5)	(5)	—	—	(26)	(2)	(28)
Central Corridor	—	—	—	(29)	(29)	—	—	(18)	(53)	(71)
Western/Pacific	—	—	—	118	118	8	—	(14)	—	(6)
<b>Total Refining</b>	—	—	—	(49)	(49)	8	—	(79)	(57)	(128)
<b>Marketing and Specialties</b>										
Marketing and Other	—	—	109	60	169	110	132	(10)	(1)	231
Specialties	—	—	—	—	—	—	—	—	—	—
<b>Total Marketing and Specialties</b>	—	—	109	60	169	110	132	(10)	(1)	231
<b>Corporate and Other</b>	—	—	—	—	—	—	5	(7)	4	2
<b>Discontinued Operations</b>	711	—	—	—	711	—	—	—	—	—
<b>Total Phillips 66</b>	711	—	21	6	738	118	(57)	(99)	(226)	(264)

## CASH FLOW INFORMATION

Millions of Dollars

[illegible]

<b>Net Cash Provided by (Used in) Financing Activities</b>	(1,355)	(878)	(778)	1,649	(1,362)	(58)	(643)	(699)	(717)	(2,117)
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	(31)	39	(118)	46	(64)	(73)	129	(41)	(6)	9
<b>Net Change in Cash and Cash Equivalents</b>	(74)	(370)	(1,848)	2,099	(193)	183	(301)	(267)	(1,748)	(2,133)
Cash and cash equivalents at beginning of period	5,400	5,326	4,956	3,108	5,400	5,207	5,390	5,089	4,822	5,207
<b>Cash and Cash Equivalents at End of Period</b>	5,326	4,956	3,108	5,207	5,207	5,390	5,089	4,822	3,074	3,074

\*Includes return of investments in equity affiliates.

## CAPITAL PROGRAM

	Millions of Dollars									
	2014					2015				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Consolidated Capital Expenditures and Investments</b>										
Midstream	288	298	946	641	2,173	769	899	700	2,089	4,457
Chemicals	—	—	—	—	—	—	—	—	—	—
Refining	186	215	278	359	1,038	274	268	233	294	1,069
Marketing and Specialties	84	26	248	81	439	24	30	32	36	122
Corporate and Other	14	22	42	45	123	14	16	27	59	116
<b>Total Consolidated from Continuing Operations</b>	572	561	1,514	1,126	3,773	1,081	1,213	992	2,478	5,764
<b>Proportional Share of Select Equity Affiliates Capital Expenditures and Investments*</b>										
DCP Midstream (Midstream)	178	176	207	215	776	157	149	71	61	438
CPChem (Chemicals)**	154	220	242	270	886	249	259	331	480	1,319
WRB Refining (Refining)	23	38	35	44	140	35	36	47	57	175
<b>Select Equity Affiliates</b>	355	434	484	529	1,802	441	444	449	598	1,932
<b>Total Capital Program*</b>										
Midstream	466	474	1,153	856	2,949	926	1,048	771	2,150	4,895
Chemicals	154	220	242	270	886	249	259	331	480	1,319
Refining	209	253	313	403	1,178	309	304	280	351	1,244
Marketing and Specialties	84	26	248	81	439	24	30	32	36	122
Corporate and Other	14	22	42	45	123	14	16	27	59	116
<b>Total Capital Program</b>	927	995	1,998	1,655	5,575	1,522	1,657	1,441	3,076	7,696

\* Includes Phillips 66's portion of self-funded capital spending by DCP Midstream, LLC (DCP Midstream), Chevron Phillips Chemical Company LLC (CPChem) and WRB Refining.



parent company income tax related to DCP's earnings (\$ Millions)	165	89	81	(47)	288	(37)	(466)	(6)	(420)	(929)
Depreciation and Amortization (\$ Millions)	85	86	87	90	348	91	94	93	99	377
Operating and SG&A Expense (\$ Millions)	243	283	264	271	1,061	236	240	275	277	1,028
Net Interest Expense (\$ Millions)*	72	74	71	70	287	76	79	85	80	320
* Net of interest income.										
Capital Expenditures and Investments (\$ Millions)	355	353	414	429	1,551	314	297	143	121	875
Selected DCP Volumes and Gross Margin by Major Contract Type (excludes current quarter)										
Percentage of Proceeds (long NGL / long Gas)*										
Volume (TBtu/d)	5.3	5.6	5.8	5.9	5.7	5.6	5.6	5.7	**	5.6
Gross Margin (\$ Millions)	265	265	275	215	1,020	130	125	120	**	375
Keep-whole (long NGL / short Gas)*										
Volume (TBtu/d)	0.5	0.4	0.4	0.3	0.4	0.3	0.3	0.3	**	0.3
Gross Margin (\$ Millions)	35	20	25	20	100	10	10	5	**	25
Fee-based Gas (primarily gathering and transport)*										
Volume (TBtu/d)	4.6	4.5	4.6	4.7	4.6	4.7	4.7	4.9	**	4.8
Gross Margin (\$ Millions)	80	85	90	105	360	95	105	110	**	310
Fee-based NGL Transport and Fractionation										
Volume (MB/d)	242	281	325	340	297	320	339	354	**	338
Gross Margin (\$ Millions)	26	27	39	39	131	36	44	47	**	127
Other Gross Margin***										
Gross Margin (\$ Millions)	205	139	175	139	658	118	94	162	**	374
Total Throughput (TBtu/d)	7.2	7.3	7.5	7.4	7.3	7.1	7.0	7.3	7.1	7.1
NGL Production (MB/d)	445	452	471	447	454	399	408	421	410	410
* Certain volumes earn duplicate revenue streams (i.e. both fee plus processing economics).										
** Pending DCP Midstream release.										
*** Includes NGL/Propane Marketing, MTM, Condensate Sales, Gas Marketing activity and other items.										
Weighted Average NGL Price*										
DCP Midstream (\$/BBL)	44.52	39.06	37.66	28.45	37.43	20.57	19.99	17.57	17.66	18.95
DCP Midstream (\$/gal)	1.06	0.93	0.90	0.68	0.89	0.49	0.48	0.42	0.42	0.45
* Based on index prices from the Mont Belvieu and Conway market hubs that are weighted by NGL component and location mix.										
MLP Distributions (\$ Millions)*										
GP Distribution from PSXP to Phillips 66	1	1	2	4	8	6	9	11	14	40
LP Distribution from PSXP to Phillips 66	15	17	17	19	68	21	23	25	27	96
GP Distribution from DPM to DCP										

Midstream***	26	28	29	31	114	31	31	31	**	93
LP Distribution from DPM to DCP										
Midstream***	18	18	19	19	74	19	19	19	**	57

\* Cash distributions declared attributable to general partner interest, common unit ownership and incentive distribution rights. These distributions are

eliminated in the respective sponsors consolidated financial statements.

\*\* Pending DCP Midstream release.

\*\*\* Represents 100 percent of DCP Midstream's distributions from DCP Midstream Partners LP (DPM).



## CHEMICALS

	2014					2015				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Chemicals Net Income Attributable to Phillips 66 (\$ Millions)</b>	316	324	230	267	1,137	203	295	252	212	962
<b>Chemicals Adjusted EBITDA</b>	534	557	517	493	2,101	380	507	473	341	1,701
<b>100% CPChem Results</b>										
<b>Net Income (Loss), excludes parent company income tax related to CPChem's earnings (\$ Millions)</b>										
Olefins and Polyolefins	801	903	720	731	3,155	530	769	737	499	2,535
Specialties, Aromatics and Styrenics	97	52	(45)	74	178	69	93	4	19	185
Corporate and Other	(8)	(15)	(13)	(9)	(45)	(12)	(28)	(11)	(18)	(69)
<b>Total</b>	<b>890</b>	<b>940</b>	<b>662</b>	<b>796</b>	<b>3,288</b>	<b>587</b>	<b>834</b>	<b>730</b>	<b>500</b>	<b>2,651</b>
<b>Income (Loss) before Income Taxes (\$ Millions)*</b>										
Olefins and Polyolefins	815	918	735	741	3,209	542	780	750	510	2,582
Specialties, Aromatics and Styrenics	105	60	(36)	79	208	77	100	10	23	210
Corporate and Other	(8)	(14)	(12)	(9)	(43)	(12)	(28)	(9)	(18)	(67)
<b>Total</b>	<b>912</b>	<b>964</b>	<b>687</b>	<b>811</b>	<b>3,374</b>	<b>607</b>	<b>852</b>	<b>751</b>	<b>515</b>	<b>2,725</b>
<i>* Excludes CPChem discontinued operations.</i>										
<b>Depreciation and Amortization (\$ Millions)</b>	69	69	74	84	296	76	74	75	81	306
<b>Net Interest Expense (\$ Millions)*</b>	—	(1)	(1)	—	(2)	—	(1)	(1)	—	(2)
<i>* Net of interest income.</i>										
<b>Investing Cash Flows (\$ Millions)</b>										
Capital Expenditures and Investments*	307	440	484	540	1,771	498	518	661	960	2,637
Advances to Equity Companies	5	21	18	34	78	10	23	22	20	75
Advance Repayments from Equity Companies	—	—	—	—	—	—	—	—	(18)	(18)
<i>*Prior period amounts have been restated.</i>										
<b>Externally Marketed Sales Volumes (MM Lbs)*</b>										
Olefins and Polyolefins	4,302	4,395	4,067	4,051	16,815	4,019	4,258	4,446	4,193	16,916
Specialties, Aromatics and Styrenics	1,569	1,530	1,571	1,624	6,294	1,482	1,356	1,259	1,204	5,301
<b>Total</b>	<b>5,871</b>	<b>5,925</b>	<b>5,638</b>	<b>5,675</b>	<b>23,109</b>	<b>5,501</b>	<b>5,614</b>	<b>5,705</b>	<b>5,397</b>	<b>22,217</b>

*\* Represents 100 percent of CPChem's outside sales of produced petrochemical products, as well as commission sales from equity affiliates.*

<b>Olefins and Polyolefins Capacity Utilization (%)</b>	93%	95%	83%	83%	88%	87%	91%	94%	92%	91%
<b>Market Indicators*</b>										
<b>U.S. Industry Prices</b>										
Ethylene, Average Acquisition Contract (cents/lb)	53.49	53.03	59.95	50.26	54.18	38.04	37.88	29.18	24.44	32.39
HDPE Blow Molding, Domestic Spot (cents/lb)	70.50	71.25	74.33	68.83	71.23	52.75	58.83	58.42	54.00	56.00
<b>U.S. Industry Costs</b>										
Ethylene, Cash Cost Weighted Average Feed (cents/lb)	20.10	16.77	14.39	10.48	15.44	10.25	9.67	9.64	10.91	10.12
HDPE Blow Molding, Total Cash Cost (cents/lb)	67.09	66.56	73.51	63.60	67.69	50.97	50.73	41.91	36.90	45.13
Ethylene to High-Density Polyethylene Chain Cash Margin (cents/lb)	36.80	40.95	46.38	45.01	42.28	29.57	36.31	36.05	30.63	33.14

\* Source: IHS, Inc.



**Turnaround Expense (\$ Millions), included in Operating and SG&A Expense\***

Atlantic Basin/Europe	23	9	16	14	62	36	89	21	15	161
Gulf Coast	75	35	67	94	271	114	8	7	16	145
Central Corridor	5	4	3	6	18	6	1	10	16	33
Western/Pacific	22	13	15	23	73	17	46	31	83	177
<b>Total</b>	<b>125</b>	<b>61</b>	<b>101</b>	<b>137</b>	<b>424</b>	<b>173</b>	<b>144</b>	<b>69</b>	<b>130</b>	<b>516</b>

\* Excludes Turnaround Expense of all equity affiliates.

**Taxes Other than Income Taxes, excluding Excise Taxes (\$ Millions)**

Atlantic Basin/Europe	18	15	15	15	63	16	14	14	14	58
Gulf Coast	24	21	20	18	83	23	18	18	17	76
Central Corridor	11	7	9	8	35	11	10	11	10	42
Western/Pacific	29	26	26	23	104	23	21	22	20	86
<b>Total</b>	<b>82</b>	<b>69</b>	<b>70</b>	<b>64</b>	<b>285</b>	<b>73</b>	<b>63</b>	<b>65</b>	<b>61</b>	<b>262</b>

**Foreign Currency Gains (Losses) After-Tax (\$ Millions)**

	14	(18)	(6)	4	(6)	(37)	3	(1)	1	(34)
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**Refining — Equity Affiliate Information**

Equity in earnings of affiliates	150	173	55	(67)	311	97	140	112	(24)	325
Less: Share of equity affiliate gross margin included in Realized Refining Margin and other equity affiliate-related costs*	(352)	(364)	(248)	(172)	(1,136)	(266)	(303)	(298)	(186)	(1,053)

<b>Equity-affiliate-related expenses not included in Realized Refining Margins</b>	<b>(202)</b>	<b>(191)</b>	<b>(193)</b>	<b>(239)</b>	<b>(825)</b>	<b>(169)</b>	<b>(163)</b>	<b>(186)</b>	<b>(210)</b>	<b>(728)</b>
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**Regional Totals**

Gulf Coast	11	13	3	1	28	11	3	7	13	34
Central Corridor	(167)	(156)	(159)	(195)	(677)	(152)	(136)	(174)	(207)	(669)
Other Regions**	(46)	(48)	(37)	(45)	(176)	(28)	(30)	(19)	(16)	(93)
<b>Total</b>	<b>(202)</b>	<b>(191)</b>	<b>(193)</b>	<b>(239)</b>	<b>(825)</b>	<b>(169)</b>	<b>(163)</b>	<b>(186)</b>	<b>(210)</b>	<b>(728)</b>

\* Other costs associated with equity affiliates which do not flow through equity earnings.

\*\* Combined equity affiliates reported in Atlantic Basin/Europe and Western/Pacific.



## REFINING (continued)

	2014					2015				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Atlantic Basin/Europe*</b>										
Crude Oil Charge Input (MB/D)	551	562	538	563	554	514	475	570	596	539
Total Charge Input (MB/D)	585	612	588	616	600	567	524	611	627	583
Crude Oil Capacity Utilization (%)	94%	96%	92%	96%	94%	87%	81%	97%	101%	92%
Clean Product Yield (%)	84%	83%	86%	85%	85%	86%	84%	84%	86%	85%
<i>* Includes our proportionate share of a refinery complex in Karlsruhe, Germany.</i>										
<b>Gulf Coast</b>										
Crude Oil Charge Input (MB/D)	613	673	710	708	676	528	662	735	688	654
Total Charge Input (MB/D)	705	771	794	779	763	590	738	816	756	726
Crude Oil Capacity Utilization (%)	84%	92%	97%	97%	92%	72%	90%	100%	93%	89%
Clean Product Yield (%)	81%	79%	79%	77%	79%	77%	80%	81%	83%	80%
<b>Central Corridor*</b>										
Crude Oil Charge Input (MB/D)	466	493	476	466	475	460	495	448	456	465
Total Charge Input (MB/D)	481	511	492	481	491	483	512	465	476	484
Crude Oil Capacity Utilization (%)	96%	102%	98%	96%	98%	94%	101%	91%	93%	95%
Clean Product Yield (%)	88%	88%	90%	90%	89%	87%	90%	88%	89%	89%
<i>* Includes our proportionate share of the Borger Refinery and Wood River Refinery.</i>										
<b>Western/Pacific*</b>										
Crude Oil Charge Input (MB/D)	395	424	390	403	403	327	337	346	312	330
Total Charge Input (MB/D)	427	450	423	435	434	357	358	375	343	358
Crude Oil Capacity Utilization (%)	90%	96%	89%	92%	92%	91%	94%	96%	87%	92%
Clean Product Yield (%)	84%	85%	83%	87%	85%	87%	84%	86%	84%	85%
<i>* Includes our proportionate share of a refinery in Melaka, Malaysia.</i>										
<b>Worldwide — Including Proportionate Share of Equity Affiliates</b>										
Crude Oil Charge Input (MB/D)	2,025	2,152	2,114	2,140	2,108	1,829	1,969	2,099	2,052	1,988
Total Charge Input (MB/D)	2,198	2,344	2,297	2,311	2,288	1,997	2,132	2,267	2,202	2,151
Crude Oil Capacity Utilization (%)	90%	96%	94%	95%	94%	84%	90%	96%	94%	91%
Clean Product Yield (%)	84%	83%	84%	84%	84%	84%	84%	84%	85%	84%
<b>Refined Products Production (MB/D)</b>										
<b>Atlantic Basin/Europe*</b>										
Gasoline	231	244	247	247	242	235	224	248	251	239
Distillates	245	248	240	262	249	238	200	251	271	240
Other	112	123	106	113	114	100	102	115	112	108
Total	588	615	593	622	605	573	526	614	634	587
<i>* Includes our proportionate share of a refinery complex in Karlsruhe, Germany.</i>										
<b>Gulf Coast</b>										
Gasoline	276	300	296	275	287	217	299	328	313	289

Distillates	270	286	299	293	287	216	271	302	288	270
Other	171	197	203	218	197	168	172	196	161	174
Total	717	783	798	786	771	601	742	826	762	733
<b>Central Corridor*</b>										
Gasoline	247	262	256	251	254	241	269	238	246	249
Distillates	173	187	181	181	181	178	189	169	174	177
Other	63	64	57	53	59	68	55	58	58	60
Total	483	513	494	485	494	487	513	465	478	486
<i>* Includes our proportionate share of the Borger Refinery and Wood River Refinery.</i>										
<b>Western/Pacific*</b>										
Gasoline	181	198	182	194	188	169	173	184	160	172
Distillates	179	186	167	186	179	140	129	137	129	134
Other	69	70	76	56	68	52	54	54	54	53
Total	429	454	425	436	435	361	356	375	343	359
<i>* Includes our proportionate share of a refinery in Melaka, Malaysia.</i>										
<b>Worldwide — Including Proportionate Share of Equity Affiliates</b>										
Gasoline	935	1,004	981	967	971	862	965	998	970	949
Distillates	867	907	887	922	896	772	789	859	862	821
Other	415	454	442	440	438	388	383	423	385	395
Total	2,217	2,365	2,310	2,329	2,305	2,022	2,137	2,280	2,217	2,165
<b>Market Indicators</b>										
<b>Crude and Crude Differentials (\$/BBL)</b>										
WTI	98.75	103.05	97.48	73.41	93.17	48.55	57.84	46.37	42.10	48.72
Brent	108.22	109.63	101.85	76.27	98.99	53.97	61.92	50.26	43.69	52.46
LLS	104.43	105.55	100.95	76.38	96.83	52.83	62.95	50.13	43.57	52.37
ANS	105.74	109.23	101.51	74.76	97.81	53.68	62.91	51.44	43.79	52.96
WTI less Maya	9.41	7.27	6.64	6.21	7.38	4.43	2.52	3.81	7.73	4.62
WTI less WCS	20.83	19.15	18.22	15.63	18.46	13.66	9.74	15.06	14.45	13.23
<b>Natural Gas (\$/MCF)</b>										
Henry Hub	5.08	4.58	3.94	3.75	4.34	2.87	2.72	2.74	2.08	2.61
<b>Product Margins (\$/BBL)</b>										
<b>Atlantic Basin/Europe</b>										
East Coast Gasoline less Brent	5.12	15.23	15.44	8.69	11.12	9.19	20.92	19.77	11.92	15.45
East Coast Distillate less Brent	22.28	14.30	16.63	22.06	18.82	23.22	17.74	15.41	12.49	17.22
<b>Gulf Coast</b>										
Gulf Coast Gasoline less LLS	5.25	11.53	8.54	(0.03)	6.32	9.99	13.31	13.44	7.62	11.09
Gulf Coast Distillate less LLS	18.63	17.00	16.26	16.17	17.02	18.03	13.96	13.13	10.45	13.89
<b>Central Corridor</b>										
Central Gasoline less WTI	13.15	16.09	14.05	6.12	12.35	14.88	19.90	22.85	13.22	17.71
Central Distillate less WTI	25.94	21.07	21.85	27.60	24.12	22.63	18.21	20.40	15.03	19.06
<b>Western/Pacific</b>										
West Coast Gasoline less ANS	11.75	20.88	16.59	7.46	14.17	20.21	32.95	38.61	23.82	28.90
West Coast Distillate less ANS	17.55	17.16	20.19	21.69	19.15	19.17	18.16	14.84	15.45	16.91
<b>Worldwide Market Crack Spread (\$/BBL)*</b>										
	12.44	15.94	14.85	10.45	13.42	15.26	18.94	19.51	12.77	16.62

*\* Weighted average based on Phillips 66 crude capacity.*





Gasoline	1,030	1,142	1,093	1,142	1,102	974	1,174	1,158	1,143	1,113
Distillates	748	784	750	864	787	689	775	792	788	761
Other	—	—	—	—	—	—	—	—	—	—
Total	1,778	1,926	1,843	2,006	1,889	1,663	1,949	1,950	1,931	1,874
<b>International Marketing</b>										
Gasoline	89	95	95	95	93	88	94	95	93	92
Distillates	196	186	190	196	192	193	185	193	194	192
Other	16	19	17	17	17	16	14	15	18	16
Total	301	300	302	308	302	297	293	303	305	300
<b>Worldwide Marketing</b>										
Gasoline	1,119	1,237	1,188	1,237	1,195	1,062	1,268	1,253	1,236	1,205
Distillates	944	970	940	1,060	979	882	960	985	982	953
Other	16	19	17	17	17	16	14	15	18	16
Total	2,079	2,226	2,145	2,314	2,191	1,960	2,242	2,253	2,236	2,174
<b>Foreign Currency Gains (Losses) After-Tax (\$ Millions)</b>										
	—	(3)	(3)	(2)	(8)	(1)	(3)	—	—	(4)



## CORPORATE AND OTHER

	2014					2015				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Corporate and Other Net Income (Loss) Attributable to Phillips 66 (\$ Millions)</b>	(81)	(121)	(91)	(100)	(393)	(125)	(123)	(116)	(126)	(490)
<b>Detail of Net Income (Loss) Attributable to Phillips 66 (\$ Millions)</b>										
Net interest expense	(41)	(39)	(36)	(44)	(160)	(53)	(46)	(43)	(44)	(186)
Corporate overhead	(40)	(44)	(32)	(40)	(156)	(45)	(36)	(37)	(39)	(157)
Technology	(13)	(14)	(14)	(17)	(58)	(14)	(15)	(15)	(16)	(60)
Other	13	(24)	(9)	1	(19)	(13)	(26)	(21)	(27)	(87)
<b>Total</b>	<b>(81)</b>	<b>(121)</b>	<b>(91)</b>	<b>(100)</b>	<b>(393)</b>	<b>(125)</b>	<b>(123)</b>	<b>(116)</b>	<b>(126)</b>	<b>(490)</b>
<b>Before-Tax Net Interest Expense (\$ Millions)</b>										
Interest expense	(69)	(69)	(66)	(83)	(287)	(102)	(105)	(105)	(104)	(416)
Capitalized interest	1	3	6	10	20	16	26	34	30	106
Interest revenue	5	6	5	5	21	5	9	5	6	25
<b>Total</b>	<b>(63)</b>	<b>(60)</b>	<b>(55)</b>	<b>(68)</b>	<b>(246)</b>	<b>(81)</b>	<b>(70)</b>	<b>(66)</b>	<b>(68)</b>	<b>(285)</b>
<b>Foreign Currency Gains (Losses) After-Tax (\$ Millions)</b>	—	—	—	—	—	—	—	—	—	—
<b>Phillips 66 Total Company Debt</b>										
Total Debt (\$ Millions)*	6,188	6,183	6,183	8,635	8,635	8,892	8,909	8,897	8,887	8,887
Debt-to-Capital Ratio (%)	22%	22%	22%	28%	28%	28%	28%	27%	27%	27%
<i>*Prior period amounts have been retrospectively adjusted for Accounting Standards Update No. 2015-03.</i>										
<b>Total Equity (\$ Millions)</b>	<b>21,829</b>	<b>21,955</b>	<b>22,194</b>	<b>22,037</b>	<b>22,037</b>	<b>22,595</b>	<b>23,223</b>	<b>24,032</b>	<b>23,938</b>	<b>23,938</b>

## NON-GAAP FINANCIAL MEASURES RECONCILIATION

Millions of Dollars

	2014					2015				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
<b>Reconciliation of Midstream Net Income to Adjusted EBITDA</b>										
Midstream net income	194	117	124	107	542	78	(62)	116	(58)	74
Plus:										
Provision for income taxes	108	63	70	68	309	38	(37)	57	15	73
Depreciation and amortization	19	21	24	27	91	26	27	33	41	127
<b>Midstream EBITDA</b>	<b>321</b>	<b>201</b>	<b>218</b>	<b>202</b>	<b>942</b>	<b>142</b>	<b>(72)</b>	<b>206</b>	<b>(2)</b>	<b>274</b>
Adjustments (pretax):										
EBITDA attributable to Phillips 66 noncontrolling interests	(8)	(12)	(13)	(12)	(45)	(16)	(17)	(20)	(20)	(73)
Proportional share of selected equity affiliates income taxes	2	—	2	(1)	3	1	(2)	—	(49)	(50)
Proportional share of selected equity affiliates net interest	30	31	29	28	118	32	33	34	34	133
Proportional share of selected equity affiliates depreciation and amortization	39	36	37	38	150	40	41	42	43	166
Lower-of-cost-or-market inventory adjustments	—	—	—	2	2	—	—	—	—	—
Impairments by equity affiliates	—	—	—	—	—	—	194	4	168	366
Asset disposition	—	—	—	—	—	—	—	(30)	—	(30)
Pension settlement expenses	—	—	—	—	—	—	—	9	—	9
<b>Midstream Adjusted EBITDA*</b>	<b>384</b>	<b>256</b>	<b>273</b>	<b>257</b>	<b>1,170</b>	<b>199</b>	<b>177</b>	<b>245</b>	<b>174</b>	<b>795</b>
* Proportional share of selected equity affiliates is net of noncontrolling interests.										
<b>Reconciliation of Chemicals Net Income to Adjusted EBITDA</b>										
Chemicals net income	316	324	230	267	1,137	203	295	252	212	962
Plus:										
Provision for income taxes	126	142	98	129	495	88	121	108	36	353
<b>Chemicals EBITDA</b>	<b>442</b>	<b>466</b>	<b>328</b>	<b>396</b>	<b>1,632</b>	<b>291</b>	<b>416</b>	<b>360</b>	<b>248</b>	<b>1,315</b>
Adjustments (pretax):										
Proportional share of selected equity affiliates income taxes	27	28	35	21	111	22	25	26	18	91
Proportional share of selected equity affiliates net interest	3	1	2	3	9	2	1	2	2	7
Proportional share of selected equity affiliates depreciation and amortization	62	62	64	70	258	65	65	65	69	264
Impairments by equity affiliates	—	—	88	—	88	—	—	20	4	24
Lower-of-cost-or-market inventory adjustments	—	—	—	3	3	—	—	—	—	—
<b>Chemicals Adjusted EBITDA</b>	<b>534</b>	<b>557</b>	<b>517</b>	<b>493</b>	<b>2,101</b>	<b>380</b>	<b>507</b>	<b>473</b>	<b>341</b>	<b>1,701</b>
<b>Reconciliation of Refining Net Income to Adjusted EBITDA</b>										

[illegible]

affiliates depreciation and amortization	162	159	162	170	653	168	169	169	176	682
Asset dispositions	—	—	(109)	(161)	(270)	(118)	(132)	(30)	—	(280)
Impairments	—	—	—	131	131	—	—	—	—	—
Impairments by equity affiliates	—	—	88	—	88	—	194	24	172	390
Pending claims and settlements	—	—	—	(21)	(21)	—	—	30	—	30
Lower-of-cost-or-market inventory adjustments	—	—	—	45	45	—	—	—	53	53
Pension settlement expenses	—	—	—	—	—	—	—	75	5	80
<b>Phillips 66 Adjusted EBITDA</b>	<b>1,792</b>	<b>1,866</b>	<b>2,227</b>	<b>1,907</b>	<b>7,792</b>	<b>1,813</b>	<b>2,075</b>	<b>3,005</b>	<b>1,572</b>	<b>8,465</b>

**Use of Non-GAAP Financial Information** —This earnings release supplemental data includes the terms EBITDA and adjusted EBITDA. These are non-GAAP financial measures. EBITDA and adjusted EBITDA are included to help facilitate comparisons of operating performance across periods, to help facilitate comparisons with other companies in our industry and to help facilitate determination of enterprise value. The GAAP measure most directly comparable to EBITDA and adjusted EBITDA is net income.